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Part II

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Members, Staff Committee on U.S. Economic
Defense Policy

February 16, 1959

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Capt. Wakeman B. Thorpe, Defense
Mr. Robert Wright, State
Mr. Edward Hains, Treasury

FROM : Marshall M. Smith
XXXXX Chairman, Staff Committee on U.S. Economic Defense Policy

SUBJECT: Assignment to Staff Committee on U.S. Economic Defense Policy

Attached is a statement of the guide lines which have been established for the assignment given to the Staff Committee on U.S. Economic Defense Policy. A deadline of March 8, 1959, has been set for the completion of the assignment.

In order to meet the deadline, I propose that a thorough examination of each major aspect of the problem first be made in the Staff Committee. On the basis of such examination there will be assigned the drafting of a proposed statement on each aspect of the problem which will be reviewed at a following meeting.

The first meeting of the Staff Committee will be held at 3:00 PM on Wednesday, February 18 in my office, Room 5367, Commerce Building. At this meeting I shall seek your views on the above approach and shall be happy to receive any suggestion which you may have on how to approach the assignment. As a starter, however, I propose that Point 1. of the assignment be discussed at the Wednesday meeting. Point 1. reads as follows:

Prepare an analysis of the trade between the United States and the Soviet bloc countries with the exception of Poland for the purpose of determining the impact of United States and Comcon trade controls on such trade.

Point 1. deals with the impact of security trade controls on U.S.-Soviet bloc trade from March, 1948 to the present. Excepted is trade with Poland and Communist China. Certain questions may help point the way to ascertaining the scope and character of that impact and to giving it meaningful evaluation. In this respect the following questions may be helpful and are offered as a focus for discussion of Point 1.

1. What were the general U.S. objectives with regard to the character and scope of its trade with the Soviet bloc at the start of the security trade program in 1948? Were these general objectives modified as the program progressed? If so, for what periods were given objectives applicable?
2. During the period since March, 1948 have there been important and identifiable objectives of relatively narrower scope and character or ancillary objectives (e.g. bunkering controls, transaction controls) which are susceptible of at least rough measurement in terms of available U.S. trade figures? If so, identify them.

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- NE's
+ Studies*
3. In the absence of security trade controls, what would have been the probable pattern of U.S. trade with the Soviet bloc? Is there a sound basis for making such estimates either as to character or value of such trade? In this connection consider the numerous technological advances which have occurred between 1939 and the present which would have thus been made available to the Soviet bloc. *Korean War*
 4. What have been the important influences on U.S.-Soviet bloc trade during this period? To what extent has U.S. policy molded the pattern of such trade? Has lack of interest by the Soviet bloc in trade with the Free World been a controlling factor? If so, to what extent? Has the pattern been influenced by the lack of Soviet bloc purchasing power in the U.S. market? If so, to what extent? Has the pattern been influenced by the differential in scope and severity between the controls exercised by the United States and those exercised by its CoCom allies? By other Free World countries, e.g., Sweden, Switzerland, Austria, Argentina? If so, to what extent and why? *NE's*
 5. What types of data are available on U.S.-Soviet bloc trade? On other Free World-Sovbloc trade which may have affected U.S.-Sovbloc trade? To what extent is such data adequate for the intended analysis? Can any inadequacy be overcome? What analyses have already been made which would assist the Staff Committee reach conclusions on Point 1.?
 6. What has been the impact of U.S.-Soviet bloc trade in terms of the value and character of trade for the different periods involved? How is this impact related to the security objectives of the control program? How is this impact related to assisting the attainment of objectives of other programs of which the economic defense policy takes cognizance?
 7. From the answers to the above questions, is it possible to identify control actions which if taken or if not taken, would have increased the desired impact on U.S.-Soviet bloc trade? Why is it such actions were or were not taken?

Attachment

What about the EuSats other than Poland?

Export Policy Staff

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cc: Signer

Messrs. George Becker

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